

ORDER NO. 4053

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Mark Acton, Vice Chairman;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Parcel Return Service Contract 5 (MC2014-4)  
Negotiated Service Agreements

Docket No. CP2014-4

ORDER APPROVING AMENDMENT TO  
PARCEL RETURN SERVICE NEGOTIATED SERVICE AGREEMENT

(Issued August 18, 2017)

I. INTRODUCTION

The Postal Service seeks to amend a Parcel Return Service negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Amendment.

---

<sup>1</sup> Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Parcel Return Service Contract 5, August 17, 2017 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 1867, the Commission approved the Parcel Return Service Contract 5 negotiated service agreement (Existing Agreement).<sup>2</sup> On August 17, 2017, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective two business days after the date that the Commission completes its review of the Notice. Notice at 1.

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment changes which tier of the contract prices the customer pays between the effective date of the Amendment and September 30, 2018. Notice, Attachment A at 5.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

---

<sup>2</sup> See Docket Nos. MC2014-4 and CP2014-4, Order No. 1867, Order Adding Parcel Return Service Contract 5 to the Competitive Product List, November 1, 2013. The contract was later amended and extended. See Order No. 2736, Order Approving Amendment to Parcel Return Service Negotiated Service Agreement, September 29, 2015; Order No. 3585, Order Approving Extension of Parcel Return Service Contract 5, October 25, 2016; Order No. 3660, Order Approving Amendment to Parcel Return Service Negotiated Service Agreement, December 13, 2016.

amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Postal Service states that the Amendment shall become effective two business days after the date that the Commission completes its review. Notice at 1. If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Parcel Return Service Contract 5 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble  
Secretary